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SOAH DOCKET NO. 473-21-0538

PUC DOCKET NO. 51415

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APPLICATION OF SOUTHWESTERN  
ELECTRIC POWER COMPANY FOR  
AUTHORITY TO CHANGE RATES

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§

BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO EAST TEXAS  
SALT WATER DISPOSAL COMPANY'S SECOND REQUEST FOR INFORMATION**

**FEBRUARY 22, 2021**

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**Files provided electronically on the PUC Interchange**

ETSWD\_2-2\_Attachment\_2\_(Prod\_Alloc\_SWEPCO\_Juris\_SWP\_TY\_Mar\_2020\_Revised).xlsx

ETSWD\_2-2\_Attachment\_3\_(Tran\_Alloc\_SWEPCO\_Juris\_SPP\_TY\_Mar\_2020\_Revised).xlsx

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**Question No. ETSWD 2-1:**

Referring to pages 9-11 of Mr. Chad M. Burnett's direct testimony, please provide the rate classes under which the three large industrial customers (US Steel, Domtar, and Libbey Glass) received service from SWEPCO.

**Response No. ETSWD 2-1:**

The information responsive to this request is HIGHLY SENSITIVE PROTECTED MATERIAL under the terms of the Protective Order. Due to current restrictions associated with COVID-19, this information is being provided electronically and a secure login to access the information will be provided upon request to individuals who have signed the Protective Order Certification.

Prepared By: Chad M. Burnett

Title: Dir Economic Forecasting

Sponsored By: Chad M. Burnett

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**Question No. ETSWD 2-2:**

Referring to pages 9-11 of Mr. Chad M. Burnett's direct testimony regarding the loss of the three large industrial customers (US Steel, Domtar, and Libbey Glass), please explain in detail the pro-forma adjustments SWEPCO made to the test year load and customer data related to the loss of these three industrial customers. Please provide all schedules and workpapers supporting the response.

**Response No. ETSWD 2-2:**

On review of the information supporting this response, it was determined that the customer adjustments referenced were inadvertently excluded from the calculation of the jurisdictional production and transmission demand allocation factors. The revised production and transmission demand allocations shown below will be reflected in SWEPCO's rebuttal cost-of-service study. Please see ETSWD 2-2 HIGHLY SENSITIVE Attachment 1 and ETSWD Attachments 2 and 3 (both provided electronically on the PUC Interchange) for the requested information.

Production Demand Allocation					
Revised			Filed		
2020			2020		
Wholesale	320 023	8.332%	320 02	8 213%	
Arkansas	744 667	19.388%	773.089	19.840%	
Louisiana	1,358.653	35.373%	1,364.504	35 018%	
Texas	1,417 574	36.907%	1,438.923	36 928%	
	3,840 916	100.000%	3,896 538	100.000%	

Transmission Demand Allocation					
Revised			Filed		
	MW	%	MW	%	
Arkansas	597.304	19 516%	624.715	20.076%	
Louisiana	1,117.380	36.508%	1,123.328	36.099%	
Texas	1,345.942	43.976%	1,363.750	43.825%	
Wholesale	-	0.000%	-	0.000%	
	3,060.626	100.000%	3,111.794	100.000%	

ETSWD HIGHSLY SENSITIVE Attachment 1 responsive to this request is HIGHLY SENSITIVE PROTECTED MATERIAL under the terms of the Protective Order. Due to current restrictions associated with COVID-19, this information is being provided electronically and a secure login to access the information will be provided upon request to individuals who have signed the Protective Order Certification.

Prepared By: Earlyne T. Reynolds

Title: Reg Pricing & Analysis Mgr

Sponsored By: Chad M. Burnett

Title: Dir Economic Forecasting

Sponsored By: John O. Aaron

Title: Dir Reg Pricing & Analysis

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**Question No. ETSWD 2-3:**

Referring to pages 9-11 of Mr. Chad M. Burnett's direct testimony:

- a. Did SWEPCO make any pro-forma adjustments to the test year customer and load data for its wholesale jurisdictions other than Texas retail jurisdiction to reflect any impacts from loss of large commercial and industrial customers similar to those of the three industrial customers in Texas retail jurisdiction?
- b. If the answer to (a) is yes, please provide in detail the pro-forma adjustments SWEPCO made to the test year load and customer data reflecting the impacts from loss of large commercial and industrial customers by wholesale jurisdiction.
- c. If the answer to (a) is no, please explain why pro-forma adjustments to the test year customer and load data should not be made for SWEPCO's wholesale jurisdiction other than Texas retail jurisdiction to reflect any impacts from loss of large commercial and industrial customers.
- d. Please provide all schedules and workpapers supporting the responses (a)-(c).

**Response No. ETSWD 2-3:**

- a. No, the Company did not make any pro-forma load adjustments to the wholesale class to account for the loss of large commercial and industrial customers. As explained in Mr. Burnett's direct testimony, pro-forma adjustments were made to account for the loss of three large industrial retail customers. However, only one pro-forma adjustment was applied to the Texas retail jurisdiction. The other two pro-forma adjustments were applied to the Arkansas and Louisiana retail jurisdictions, respectively.
- b. n/a
- c. See response to a above. At this time, the Company is not aware of any specific wholesale customer load that has materially changed since the end of the test year that would warrant a similar pro-forma adjustment as described in Section III of Mr. Burnett's direct testimony.

Prepared By: Chad M. Burnett

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**Question No. ETSWD 2-4:**

Referring to pages 9-11 of Mr. Chad M. Burnett's direct testimony:

- a. Did SWEPCO make any pro-forma adjustments to the test year customer and load data for its Texas retail rate classes to reflect any load impacts from the COVID-19 pandemic?
- b. If the answer to (a) is yes, please provide in detail the pro-forma adjustments SWEPCO made to the test year load and customer data reflecting the load impacts from COVID-19 pandemic by Texas retail rate class.
- c. If the answer to (a) is no, please explain why SWEPCO did not make pro-forma adjustments to the test year customer and load data for its Texas retail rate classes to reflect any load impact from COVID-19 pandemic.
- d. Please provide all schedules and workpapers supporting the responses (a)-(c).

**Response No. ETSWD 2-4:**

- a. No.
- b. n/a
- c. The COVID-19 pandemic essentially started during the final 10 days of the test year. The Company did not make a generic adjustment for COVID-19 to the test year load and customer data because at the time, the impact was neither fully known nor measurable. However, the Company did make adjustments for the three customers mentioned on page 10 of Company witness Burnett's direct testimony because those specific customer adjustments were both known and measurable.
- d. n/a

Prepared By: Chad M. Burnett

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**Question No. ETSWD 2-5:**

Referring to pages 9-11 of Mr. Chad M. Burnett's direct testimony:

- a. Did SWEPCO make any pro-forma adjustments to the test year customer and load data for its wholesale jurisdictions other than Texas retail jurisdiction to reflect any load impacts from the COVID-19 pandemic?
- b. If the answer to (a) is yes, please provide: (1) all work papers quantifying load losses related to COVID-19, including methodology for the quantification and (2) in detail the pro-forma adjustments SWEPCO made to the test year load and customer data reflecting the load impacts from COVID pandemic by wholesale jurisdiction.
- c. If the answer to (a) is no, please explain why SWEPCO did not make pro-forma adjustments to the test year customer and load data for its wholesale jurisdictions other than Texas retail jurisdiction to reflect any load impact from COVID-19 pandemic.
- d. Please provide all schedules and workpapers supporting the responses (a)-(c).

**Response No. ETSWD 2-5:**

- a. No
- b. n/a
- c. See response to ETSWD 2-4.
- d. n/a

Prepared By: Chad M. Burnett

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**Question No. ETSWD 2-6:**

Referring to Mr. John O. Aaron's direct testimony:

- a. Please explain in detail how the system load factor of 59.26% used in the determination of the Texas retail average and excess demand four coincident (A&E 4CP) demand allocation is calculated.
- b. Please explain the difference between the class Maximum Diversified Demand ("MDD") and the class Non-Coincident Peak ("NCP") used for allocating distribution related costs.
- c. Please explain in detail the reason(s) SWEPCO allocates the costs related to line transformer recorded in FERC account 368 based on the class Maximum Diversified Demand ("MDD").
- d. Referring to Schedule O-1.1: i. Please identify the number of customers adjustments and the kWh sales adjustments made to reflect any loss of large commercial and industrial load in each wholesale jurisdiction and each Texas retail class in the schedule.  
ii. Please identify the number of customers adjustments and the kwh sales adjustments made to reflect any load impact from COVID-19 pandemic in each wholesale jurisdiction and each Texas retail class in the schedule.
- e. Referring to Schedule O-1.7:
  - i. Please identify the test year billing demand (kW) adjustments made to reflect any loss of large commercial and industrial load in each wholesale jurisdiction and each Texas retail class in the schedule.
  - ii. Please identify the test year billing demand (kW) adjustments made to reflect any load impact from COVID-19 pandemic in each wholesale jurisdiction and each Texas retail class in the schedule.
- f. Referring to Schedule O-4.1:
  - i. Please identify the revenue impact adjustments made to reflect any loss of large commercial and industrial load in each wholesale jurisdiction and each Texas retail class in the schedule.
  - ii. Please identify the revenue impact adjustments made to reflect any load impact from COVID-19 pandemic in each wholesale jurisdiction and each Texas retail class in the schedule.
- g. Please provide all schedules and workpapers supporting the responses (a)-(f).

**Response No. ETSWD 2-6:**

- a. Please see Schedule O-1.6. The system load factor is calculated as the average system demand for the test year divided by the average system peak demand for June-September 2019 (4CP).

- b. The maximum diversified demands are the monthly peak demands for the class. The non-coincident peak demands are the sum of individual customer peak demands irrespective of the time within the month the peaks occurred.
- c. SWEPCO allocates costs for FERC account 368 on MDD's because it is based on localized demand which is consistent with MDDs.
- d.
  - i. Please see schedule O-1.1 column "G" for customer adjustments by rate class and column "H" for kWh adjustments to retail and wholesale customers.
  - ii. There were no customer or kWh adjustments made to reflect Covid.
- e.
  - i. Please see schedule O-1.7 rows 125 through 345 for demand adjustments to the retail and wholesale classes by rate code.
  - ii. There were no Covid adjustments made to the test year.
- f.
  - i. Please see Schedule O-4.1 columns "G-R" for revenue adjustments to the retail and wholesale classes by rate code.
  - ii. There were no Covid adjustments made to the test year.
- g. All schedules and workpapers supporting responses (a)-(f) were filed in the filing.

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Prepared By: Bryan J. Coffey

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